

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>BOHEMIA TOWNSHIP</b>	County <b>ONTONAGON</b>
Audit Date <b>3/31/05</b>	Opinion Date <b>11/30/05</b>	Date Accountant Report Submitted to State: <b>12/12/05</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

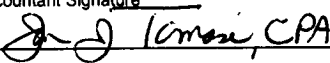
1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>JON J. TOMASI, CPA</b>			
Street Address <b>208 BIRCH STREET</b>	City <b>BERGLAND</b>	State <b>MI</b>	ZIP <b>49910</b>
Accountant Signature 		Date <b>12/12/05</b>	

TOWNSHIP OF BOHEMIA-MASS CITY, MICHIGAN  
ONTONAGON COUNTY  
FINANCIAL REPORT  
WITH SUPPLEMENTAL INFORMATION  
PREPARED IN ACCORDANCE WITH GASB 34

March 31, 2005

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**Jon J. Tomasi  
Certified Public Accountant  
208 Birch Street  
Bergland, Michigan 49910**

INDEPENDENT AUDITOR'S REPORT

Supervisor and Members of the Board  
Bohemia Township  
Mass City, Michigan 49948

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Bohemia as of and for the year ended March 31, 2005 which collectively comprise the Township's basic financial statements as listed in the table of contents. These general purpose financial statements are the responsibility of the township's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Township of Bohemia as of March 31, 2005, and the respective changes in financial position thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

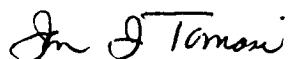
In accordance with *Government Auditing Standards*, I have also issued my report dated November 30, 2005, on my consideration of the Township of Bohemia's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of

testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

As described in Note 1, the township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management Discussion and Analysis- for State and Local Governments*. As of March 31, 2005.

The administration's discussion and analysis and budgetary comparison information (identified in the Table of Contents) are not a required part of the basic financial statements, but are supplementary information required by *Government Accounting Standards Board* and by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of presentation of the supplemental information. However, I did not audit the information and express no opinion on it.

My audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Township of Bohemia's basic financial statements. The accompanying Other Financial Information is presented for purposes of additional analysis and is not required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, it is fairly presented in all material respects in relation to the financial statements taken as a whole.



Certified Public Accountant  
Bergland, Michigan  
November 30, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS  
TOWNSHIP OF BOHEMIA

Year ended March 31, 2005

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**Management's Discussion and Analysis**

This section of the Township of Bohemia's annual financial report presents our discussion and analysis of the Township's financial performance during the year ended March 31, 2005. It is to be read in conjunction with the Township's financial statements, which immediately follow. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) *Basic Financial Statements - and Managements Discussion and Analysis - for State and Local Governments* and is intended to provide the financial results for the fiscal year ending March 31, 2005. This is the first year of GASB 34 implementation. As a result the financial report is presented very differently than previous years. Because this is the first year of implementation of GASB Statement No. 34, prior-year data is not available. A comparative analysis of current year and prior year information will be provided in future years when prior year information is available.

**Government-wide Financial Statements**

The Government-wide financial statements appear first in the financial report. These financial statements include the statement of net assets and the statement of activities. They report information about the Township as a whole. The statements are prepared using the accrual basis of accounting which is the accounting used by most private sector businesses. The statement of net assets includes all of the Township's assets and liabilities. All current year revenues and expenses are reported in the statement of activities. These are new statements that have not been required or provided in past years but are now required based on government auditing and accounting standards. The two statements report the governmental activities of the Township that include all services performed by the Township. These activities are funded mostly by State revenue sharing, property taxes and charges for services.

The statement of net assets, as stated previously, shows the Township's assets and liabilities. The corresponding balance between the amounts calculates the net assets or deficit of the Township. This statement measures the financial strength of the Township; the greater the net asset figure, the healthier the Township generally is. This shows if the Township will be able to fund their current obligations and shows what they have available for future use.

The statement of activities shows the current year change in net assets on a revenue less expenditure basis. It generally shows the operating results for a given year of the Township. Any excess of revenues over expenditures results in a surplus for the year that in turn increases the net assets available to fund future needs of the Township. Any deficiency of revenues over expenditures results in a deficit for the year that in turn reduces the net assets (or increases a deficit) of the Township.

## MANAGEMENT'S DISCUSSION AND ANALYSIS TOWNSHIP OF BOHEMIA

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### **Fund Financial Statements**

The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. In the basic financial statements, the emphasis of the fund financial statements is on major funds. All of the funds of the Township can be divided into two categories: governmental funds and fiduciary funds.

### **Governmental Funds**

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating the Township's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. In order to provide the reader with information to better understand the long-term impact of the government's near-term financing decisions, a reconciliation between the government-wide financial statements is included as part of the basic financial statements.

The Township maintains one governmental fund. Information is presented separately in the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund.

The Township adopts an annual budget for its general fund. To demonstrate compliance with this budget, a budgetary comparison statement has been provided for the general fund and is included in the "Required Supplementary Information" section of this report.

### **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The fiduciary funds for the Township is the Tax Collection Fund. Fiduciary funds are not included in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. This fund is presented separately in the fund financial statements section of the basic financial statements.

### **Notes to Financial Statements**

Notes to the financial statements are included in the financial statements, and provide additional information that is essential for a full understanding of the data provided in the government-wide and the fund financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS  
TOWNSHIP OF BOHEMIA

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**Government-wide Financial Statements - Condensed Financial Information**

Statement of Net Assets

The following table shows the March 31, 2005, condensed statement of net assets with a detailed analysis of the statement below.

	Primary Government	
	Governmental <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>		
Current Assets:		
Cash and other assets	\$ 32,373	\$32,373
Capital Assets, net	<u>16,872</u>	<u>16,872</u>
Total Assets	\$ 49,245	\$49,245
<b>LIABILITIES</b>		
Current Liabilities	1,301	1,301
Non-Current Liabilities		
Total Liabilities	<u>\$1,301</u>	<u>\$1,301</u>
<b>NET ASSETS</b>		
Investment in capital assets		
Net of related debt	16,872	16,872
Restricted	4,521	4,521
Unrestricted	<u>26,551</u>	<u>26,551</u>
Total Net Assets	\$47,944	\$47,944

For governmental activities, net assets increased by \$2,192 during the fiscal year.

**Results of Operations**

The following represents the changes in net assets for governmental activities for the year ended March 31, 2005.



MANAGEMENT'S DISCUSSION AND ANALYSIS  
TOWNSHIP OF BOHEMIA

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	Governmental <u>Activities</u>	<u>Total</u>
Revenue:		
Program Revenue:	\$ 385	\$ 385
Charges for services	1,597	1,597
General Revenue:		
Property taxes	34,088	34,088
Other Income	916	916
Unrestricted Grants	<u>5,430</u>	<u>5,430</u>
Total Revenue	42,416	42,416
Expenses:		
General Government	29,926	29,926
Public Safety	4,910	4,910
Public Works	630	630
Other	<u>4,758</u>	<u>4,758</u>
Total Expenses	40,224	40,224
Increase (Decrease) in Net Assets	2,192	2,192
Net Assets Beginning of Year	<u>45,752</u>	<u>45,752</u>
Net Assets, End of Year	\$47,944	\$ 47,944

### Governmental Activities

Property taxes and other tax revenues comprise \$34,088 or approximately 80 percent of total governmental revenues. The township also collected \$1,597 for services provided. And, at year end the Township reported \$5,430 in grants not restricted for specific purposes. This amount was due to revenue sharing from State of Michigan and comprises 13% of total governmental revenues.

The Township expended \$40,224 on governmental programs and services. Some of the largest expense categories were for general government where \$29,926 or 74% of total governmental expenditures reported. Public Safety expenditures amounted to 12% of the total governmental expenditures.

### Financial Analysis of Governmental Funds

As previously noted, the Township uses fund accounting to ensure and demonstrate compliance with finance-related requirement.

## MANAGEMENT'S DISCUSSION AND ANALYSIS TOWNSHIP OF BOHEMIA

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### **Governmental Funds**

The focus of the Township's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. This information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year. The Township's governmental fund reported an ending fund balance of \$31,072. The Township increased its fund balance by \$3,295 (12%) during the year.

On the budgetary basis of accounting, the Township ended the year with revenue 1.4% higher than the original budget and 2.6% less than the final amended budget and expenditures 27.3% less than the original budget and 28.4% less than the final amended budget. The largest expenditure variance was in the area of capital outlay where expenditures were 60% less than original budget and final amended budget. The other significant expenditure variance was in the area of General Government where actual expenditures were 19.5% less than original budget and 20.7% less than final amended budget.

### **Capital Assets and Debt Administration**

The Township's investment in capital assets, net of accumulated depreciation for its governmental activities as of March 31, 2004 was \$16,872

Major capital events during the current fiscal year was the sale of one acre of township property.

### **Other Economic Factors and Next Years Budget**

#### **Economic Factors**

Currently, the State of Michigan is experiencing a severe budgetary crisis. As such, it is anticipated that future state budget cuts will likely translate into strategic reductions of Township expenses to maintain a sound budget. Despite the poor outlook of the state's budget, the Township will continue to strive to provide good social and cultural conditions that support healthy families and maintain a safe and clean community in which to live.

### **Request for Information**

This financial report is designed to provide a general overview of the Township's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Township Supervisor  
Township of Bohemia  
572 Rousseau Road  
Mass City, MI 49948

TOWNSHIP OF BOHEMIA

STATEMENT OF NET ASSETS  
For the year ended March 31, 2005

	Primary Government Governmental Activities	Total
<b>ASSETS</b>		
Cash and Cash Equivalents	\$25,447	\$25,447
Receivables (Net)	6,926	6,926
<b>TOTAL CURRENT ASSETS</b>	<b>32,373</b>	<b>32,373</b>
<b>NON-CURRENT ASSETS</b>		
Capital Assets--Net	16,872	16,872
<b>TOTAL NON-CURRENT ASSETS</b>	<b>16,872</b>	<b>16,872</b>
<b>TOTAL ASSETS</b>	<b>49,245</b>	<b>49,245</b>
<b>LIABILITIES</b>		
Accounts Payable	1,301	1,301
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,301</b>	<b>1,301</b>
<b>NET ASSETS</b>		
Invested in Capital Assets--Net of Related Debt	16,872	16,872
Restricted-Road Maintenance	4,521	4,521
Unrestricted	26,551	26,551
<b>TOTAL NET ASSETS</b>	<b>\$47,944</b>	<b>\$47,944</b>

The notes to financial statements are an integral part of these statements

TOWNSHIP OF BOHEMIA  
STATEMENT OF ACTIVITIES  
For the year ended March 31, 2005

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Capital Grants and Contributions	
Primary Government						
General Government	\$29,926	\$1,597		(\$28,329)		(\$28,329)
Public Safety	4,910		385	(4,525)		(4,525)
Public Works	630			(630)		(630)
Other	4,758			(4,758)		(4,758)
Total Governmental Activities	40,224	1,597	385	(38,242)		(38,242)
Total Primary Government	40,224	1,597	385	(38,242)		(38,242)
General Revenues						
Property Taxes				34,088		34,088
State-Shared Revenues				5,430		5,430
Unrestricted Investment Earnings						
Right of Way Funds				916		916
Total General Revenues				40,434		40,434
Change in Net Assets				2,192		2,192
Net Assets--Beginning				45,752		45,752
Net Assets--Ending				\$47,944		\$47,944

The notes to Financial Statements are an integral part of this statement

TOWNSHIP OF BOHEMIA  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
March 31, 2005

	GOVERNMENTAL General Fund	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>		
Cash and Equivalents	\$25,447	\$25,447
Delinquent Taxes Rec.	1,831	1,831
Accounts Receivable	5,084	5,084
Due from Other Funds	11	11
<b>TOTAL ASSETS</b>	<b>\$32,373</b>	<b>\$32,373</b>
	=====	=====
<b>LIABILITIES &amp; FUND EQUITY</b>		
Accounts Payable	1,301	1,301
Deferred Revenue		
<b>Total Liabilities</b>	<b>1,301</b>	<b>1,301</b>
<b>Fund Equity</b>		
Reserved for Road Maintenance	4,521	4,521
Unreserved	26,551	26,551
<b>Total Fund Equity</b>	<b>31,072</b>	<b>31,072</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$32,373</b>	<b>\$32,373</b>
	=====	=====

See Notes to Financial Statements.

TOWNSHIP OF BOHEMIA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
March 31, 2005

Total Fund Balances for Governmental Funds	\$31,072
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*Amounts reported for governmental activities in this statement  
of net assets are different because:*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	16,872
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NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$47,944</u>
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The notes to the Financial Statements are an integral part of this report

TOWNSHIP OF BOHEMIA  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
Year ended March 31, 2005

	General Fund	Totals Governmental Funds
REVENUES		
Taxes	\$34,088	\$34,088
State Grants	6,731	6,731
Federal Grants		
Other	1,697	1,697
TOTAL REVENUES	42,516	42,516
EXPENDITURES		
General Government	28,923	28,923
Public Safety	4,910	4,910
Public Works	630	630
Capital Outlay	4,758	4,758
Other		
TOTAL EXPENDITURES	39,221	39,221
EXCESS OF REVENUES (EXPENDITURES)	3,295	3,295
FUND BALANCE - APRIL 1, 2004	27,777	27,777
FUND BALANCE - MARCH 31, 2005	\$31,072	\$31,072

See Notes to Financial Statements

TOWNSHIP OF BOHEMIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
For the Fiscal Year Ended March 31, 2005

Net Change in Fund Balance-Total Governmental Funds \$3,295

*Amounts reported for governmental activities in this statement  
of net assets are different because:*

Governmental funds report capital outlays as expenditures.  
However, in the statement of activities the cost of these assets is allocated over  
their estimated useful lives as depreciation expense. This is the amount by  
which capital outlays exceed depreciation in the current period.

Capital Outlays		
Depreciation Expense	(1,003)	
Basis of Lands sold during the year	(100)	
		(1,103)
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u>\$2,192</u>

The notes to the Financial Statements are an integral part of this report



TOWNSHIP OF BOHEMIA  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET ASSETS  
March 31, 2005

ASSETS

Cash and Cash Equivalents	11
	-----
TOTAL ASSETS	\$11

LIABILITIES

Due to Other Funds	11
	-----
Total Liabilities	\$11

The notes to the financial statements are an integral part of these statements

TOWNSHIP OF BOHEMIA

NOTES TO FINANCIAL STATEMENTS

March 31, 2005

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Local Governmental Unit conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Local Governmental Unit:

(A) Reporting Entity

The Township of Bohemia operates with an elected Board of Trustees. The governing board is composed of five elected members, which include the supervisor, treasurer, and clerk. The Township provides its residents services in many areas including public safety, highways and streets, planning, zoning and general administrative services. The accompanying financial statements present the government and its component units for which the government is considered to be financially accountable.

(B) Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

(C) Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Taxes Receivable-Property Taxes

The Township of Bohemia's property tax is levied on each December 1st on the taxable value of property (as defined by state statutes) located in the Local Governmental Unit as of the preceding December 31st .

The 2004 taxable valuation of the Local Governmental Unit totaled \$3,910,557 on which ad valorem taxes levied consisted of 4.272 mills for the Local Governmental Unit operating purposes. The amounts are recognized in the General Fund.

## NOTES TO FINANCIAL STATEMENTS (Continued)

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The government reports one major Governmental Fund:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

Private sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

### (D) Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments-Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables-In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1<sup>st</sup> on the taxable valuation of property as of the preceding December 31<sup>st</sup>. Taxes are considered delinquent on March 1<sup>st</sup> of the following year, at which time penalties and interest are assessed.

Inventories and Prepaid Items-Inventories are recorded as expenditures when consumed rather than when purchased.

Restricted Assets-The township has restricted millage amounts levied for the purpose of roads and funds restricted from roads that have not yet been spent but are shown as restricted for roads.

Capital Assets-Capital assets, which include property, plant, equipment, infrastructure assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year, no interest expense was capitalized as part of the cost of assets under construction.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building Improvements	25 years
Vehicles	8 years
Office Equipment	5 years
Computer Equipment	5 years

Compensated Absences (Vacation and Sick Leave)The township has no employee who earns any vacation or sick leave so there is no liability in this area.

Long-Term Obligations-In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, or statement of net assets.

Fund Equity-In the fund financial statements, government funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

## NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgeting Information-Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at year end.

The Supervisor, with the help of the Clerk and the Treasurer, prepares the proposed budget for presentation to the Township Board during March for the fiscal year beginning on April 1.

Budget hearings are scheduled in March to obtain taxpayer comments. The Budget is adopted by the Township Board prior to April 1.

The general fund revenues and expenditures are accounted for in accordance with the adopted budget.

Excess of Expenditures Over Appropriation in Budgeted Fund

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Township of these budgetary funds were adopted to the activity level.

The Township has not complied with all the provisions of P.A. 621 of 1978. The act provides that the budget must be amended whenever actual revenues are less than budgeted amounts or expenditures exceed budgeted amounts at the level of the adopted budget. Budget variances of this nature are shown in the body of the financial statements.

NOTE 3 - DEPOSITS AND INVESTMENTS

Michigan Compiles Laws, Section 129.91, authorized the township to deposit and invest in the accounts of Federally insured banks, credit unions and savings and loan associations which have an office in Michigan; bonds, securities and other direct obligations of the United States, or Federal Agency obligation repurchase Agreements; Bankers acceptance of United States banks; Commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchases; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The deposits of the township are in one financial institution and are invested in accordance with statutory authority. The investment policy adopted by the board is in accordance with Act 196, PA 1997 and authorizes all legal investments. The Local Government Unit's deposits and investment policy are in accordance with statutory authority.

# NOTES TO FINANCIAL STATEMENTS (Continued)

At year-end the Local Unit's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental <u>Activities</u>	Fiduciary <u>Funds</u>	Total Primary <u>Government</u>
Cash and Cash Equivalents	\$25,447	\$11	\$25,458
Investments			
Restricted Assets			
Total	<u>\$25,447</u>	<u>\$11</u>	<u>\$25,458</u>

The breakdown between deposits and investments is as follows:

	Primary <u>Government</u>
Bank Deposits (Checking and Savings)	\$25,458
Investments in Securities	
Petty Cash and Cash on Hand	
Total	<u>\$25,458</u>

The bank balance of the primary Government's deposits is \$25,458 of which \$25,458 is covered by federal deposit insurance.

## NOTE 4 - RECEIVABLES

Receivables as of year-end for the government's individual major and fiduciary fund including the applicable allowances for uncollectible accounts are as follows:

	General <u>Fund</u>	Other <u>Funds</u>	<u>Total</u>
Taxes Receivable	\$1,831		\$1,831
Accounts Receivable	5,084		5,084
Less: Allowance for Uncollectibles			
Net Receivables	<u>\$6,915</u>	<u>          </u>	<u>\$6,915</u>

# NOTES TO FINANCIAL STATEMENTS (Continued)

## NOTE 5 - CAPITAL ASSETS

Capital Asset activity of the primary government for the current year was as follows:

<b>Governmental Activities</b>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Land	\$ 800		\$100	\$ 700
Capital Assets Being Depreciated				
Buildings	34,268			34,268
Improvements Other Than Buildings				
Machinery & Equipment				
Subtotal	<u>\$34,268</u>			<u>\$34,268</u>
Less Accumulated Depreciation for				
Buildings	\$17,093	\$1,003		\$18,096
Improvements Other Than Buildings				
Machinery & Equipment				
Subtotal	<u>17,093</u>	<u>1,003</u>		<u>18,096</u>
Net Capital Assets	<u>17,175</u>	<u>1,003</u>		<u>16,172</u>
Being Depreciated				
Governmental Activities Capital				
Total Capital Assets-Net of				
Depreciation	<u>\$17,975</u>			<u>\$16,872</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities	
General Government	\$1,003
Public Safety	
Public Works	
Total Governmental Activities	<u>\$1,003</u>

## NOTE 6 - RISK MANAGEMENT

The Township is exposed to various risks of losses related to property loss, torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township has obtained coverage from commercial insurance companies. The Township has comprehensive general liability coverage of \$1,000,000 per occurrence and a \$3,000,000 aggregate limit, with a \$500 deductible amount.

All risk management activities are accounted for in the General Fund of the Township. Expenditures and Claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.



## NOTES TO FINANCIAL STATEMENTS (Continued)

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Management estimates that the amount of actual or potential claims against the Township as of March 31, 2005 will not materially affect the financial condition of the Township. Therefore, the General fund contains no provision for estimated claims. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

### NOTE 7 - PENSION PLAN

The Township does not cover any employee under a pension plan nor are any employees eligible for post employment benefits other than pensions.

REQUIRED SUPPLEMENTAL  
FINANCIAL INFORMATION

TOWNSHIP OF BOHEMIA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
Year ended March 31, 2005

	Original Budget	Final Amended Budget	Actual
REVENUES			
Taxes	\$36,765	\$35,975	\$34,088
State grants	5,148	6,690	6,731
Other		986	1,697
TOTAL REVENUES	41,913	43,651	42,516
EXPENDITURES			
General government	35,921	36,463	28,923
Public safety	5,211	5,511	4,910
Public works	800	800	630
Capital outlay	12,010	12,010	4,758
TOTAL EXPENDITURES	53,942	54,784	39,221
EXCESS OF REVENUES (EXPENDITURES)	(12,029)	(11,133)	3,295
FUND BALANCE APRIL 1, 2004	\$27,777	\$27,777	\$27,777
FUND BALANCE MARCH 31, 2005	\$15,748	\$16,644	\$31,072

OTHER  
SUPPLEMENTAL  
INFORMATION

TOWNSHIP OF BOHEMIA  
 DETAIL OF REVENUES - BUDGET AND ACTUAL - GENERAL FUND  
 Year ended March 31, 2005

	Budget	Actual	Variance Favorable (Unfavorable)
<hr/>			
TAXES			
Current Property Taxes	\$16,055	\$16,704	\$649
Penalties and Interest	47		(47)
Delinquent Taxes	3,058	631	(2,427)
Payments in Lieu of Taxes	14,815	13,700	(1,115)
Administration Fee	2,000	3,053	1,053
	<hr/>		
TOTAL TAXES	35,975	34,088	(1,887)
STATE GRANTS	6,690	6,731	41
OTHER			
Cemetery Donations	500	570	70
Miscellaneous	486	115	(371)
Sale of Property		1,012	1,012
	<hr/>		
TOTAL OTHER	986	1,697	711
	<hr/>		
TOTAL REVENUES	\$43,651	\$42,516	(\$1,135)
	<hr/> <hr/>		

TOWNSHIP OF BOHEMIA  
 DETAIL OF EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)  
 Year ended March 31, 2005

	Budget	Actual	Variance Favorable (Unfavorable)
<b>GENERAL GOVERNMENT</b>			
Township Board			
Salaries and Benefits	1,292	1,299	(7)
Travel	400	395	5
Insurance	750	827	(77)
Supplies		108	(108)
Dues	185	186	(1)
Miscellaneous	882	798	84
	3,509	3,613	(104)
Supervisor			
Salary and Benefits	3,714	3,552	162
Office Supplies	381	216	165
Contracted Services	2,800	1,384	1,416
Communications	25		25
Transportation	500	495	5
Miscellaneous	250	203	47
	7,670	5,850	1,820
Elections			
Salaries and Benefits	1,400	1,295	105
Transportation	550	317	233
Printing and Publication	100		100
Supplies	765	721	44
	2,815	2,333	482
Attorney-Contracted Services	300		300
Clerk			
Salaries and Benefits	3,552	3,553	(1)
Office Supplies	200	236	(36)
Communications	25		25
Transportation	500	566	(66)
Miscellaneous	138		138
	4,415	4,355	60
<b>TOTALS FORWARDED</b>	<b>\$18,709</b>	<b>\$16,151</b>	<b>\$2,558</b>

TOWNSHIP OF BOHEMIA  
 DETAIL OF EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND  
 Year ended March 31, 2005

	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS BROUGHT FORWARD	\$18,709	\$16,151	\$2,558
Board of Review			
Salaries and Benefits	1,023	1,023	
Office Supplies			
Transportation	300	258	42
Printing and Publication	45	110	(65)
Miscellaneous	210	220	(10)
	1,578	1,611	(33)
Treasurer			
Salaries and Benefits	4,871	4,293	578
Office Supplies	975	940	35
Communications	25		25
Transportation	450	381	69
Miscellaneous		73	(73)
	6,321	5,687	634
Township Hall and Grounds			
Salaries and Benefits	754	714	40
Insurance	1,901	1,901	
Public Utilities	3,000	1,420	1,580
Repairs and Maintenance	1,000	518	482
Miscellaneous			
	6,655	4,553	2,102
Cemetery			
Salaries and Benefits	361	359	2
Supplies	139	112	27
	500	471	29
Unallocated			
Miscellaneous	2,700	450	2,250
TOTAL GENERAL GOVERNMENT	\$36,463	\$28,923	\$7,540

TOWNSHIP OF BOHEMIA  
 DETAIL OF EXPENDITURES - BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)  
 Year ended March 31, 2005

	Budget	Actual	Variance Favorable (Unfavorable)
PUBLIC SAFETY			
Liquor Enforcement			
Wages and Benefits	685	646	39
Transportation			
	685	646	39
Fire Protection	4,826	4,264	562
TOTAL PUBLIC SAFETY	5,511	4,910	601
PUBLIC WORKS			
Street Lighting-Public Utilities	800	630	170
TOTAL PUBLIC WORKS	800	630	170
CAPITAL OUTLAY	12,010	4,758	7,252
TOTAL EXPENDITURES	\$54,784	\$39,221	15,563



SUMMARY OF 2004 TAX LEVY  
TOWNSHIP OF BOHEMIA  
YEAR ENDED MARCH 31,2005

Taxes Levied	\$16,704
Uncollected at March 31, 2005	<u>1,660</u>
Net Tax Collections	\$15,044
Taxable Value-Ad Valorem	
Homestead	\$909,387
Non-Homestead	\$3,001,170
Tax Rate per \$1,000 taxable valuation	4.272

**Jon J. Tomasi  
Certified Public Accountant  
208 Birch Street  
Bergland, Michigan 49910**

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING  
STANDARDS.

Supervisor and Members of the Board  
Township of Bohemia  
Mass City, Michigan 49948

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Bohemia as of and for the year ended March 31, 2005, which collectively comprise the Township of Bohemia's basic financial statements and have issued my report thereon dated November 30, 2005. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Township of Bohemia's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Bohemia's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government*

*Auditing Standards.*

This report is intended solely for the information of the Township Board and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, appearing to read "Jim J. Toman".

Certified Public Accountant  
Bergland, Michigan  
November 30, 2005